NOVEMBER 30, 1964

OF MICHIGAN
DEC 28 1964
PERIODICAL
READING ROOM

1964—A HEADLINE-YEAR FOR AGRICULTURAL TRADE

TOBACCO AND MARKETS IN THE MEDITERRANEAN AREA

U.S. EXHIBIT AT FRENCH FAIR

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

A WEEKLY MAGAZINE OF THE UNITED STATES DEPARTMENT OF AGRICULTURE
FOREIGN AGRICULTURAL SERVICE

FOREIGN AGRICULTURE

Including FOREIGN CROPS AND MARKETS

NOVEMBER 30, 1964

VOL II • NUMBER 48

Two French food retailers get the facts about American rice at the U.S. Exhibit at the Salon International de l'Alimentation in Paris. See page 9 for article and other exhibit pictures.

Contents

3 Why 1964 Was a Headline-Year for Agricultural Trade

5 Survey Shows Continued Change in Japanese Eating Habits

6 Tobacco-Growing and Markets in the Mediterranean

8 Danes Act To Reduce Impact of New EEC Dairy Regulations

8 President Restates U.S. Farm Policy in GATT

9 Market Development

U.S. Beef Held Center of Stage at Food Show in Paris
USDA Promotes Soy Beverage, Defatted Grits in Test Project
California Raisins Look To Another Good Year in Japanese Market as 1964 Sales Near Record

11 World Crops and Markets (Commodity index on page 16)

Orville L. Freeman, Secretary of Agriculture

Dorothy H. Jacobson, Assistant Secretary for International Affairs

Raymond A. Ioanes, Administrator, Foreign Agricultural Service

Editor: Alice Fray Nelson **Associate Editor:** Ruth A. Oviatt

Advisory Board:

W. A. Minor, Chairman; Wilhelm Anderson, Burton A. Baker, Douglas M. Crawford, John H. Dean, F. Leslie Erhardt, David L. Hume, Robert O. Link, Kenneth W. Olson, Donald M. Rubel.

This magazine is published as a public service, and its content may be reprinted freely.

Foreign Agriculture is published weekly by the Foreign Agricultural Service, United States Department of Agriculture, Washington, D. C. 20250. Use of funds for printing this publication has been approved by the Director of the Bureau of the Budget (December 22, 1962). Yearly subscription rate is $7.00, domestic, $9.25 foreign; single copies are 20 cents. Orders should be sent to the Superintendent of Documents, Government Printing Office, Washington, D. C. 20401.

DEPOSITED BY THE
UNITED STATES OF AMERICA

Why 1964 Was a Headline-Year for Agricultural Trade

Foreign trade in farm products was big news this past year, ranging from the GATT impasse to U.S. agriculture's new $6-billion export level.

Raymond A. Ioanes, *Administrator, Foreign Agricultural Service, gave the following talk before the 42nd Annual Outlook Conference of the U.S. Department of Agriculture, in Washington, D.C., on November 16.*

What we said here last year is even more true today—"These are exciting times in the foreign trade field." Since we met a year ago, we have seen at last 10 big headlines take shape in agricultural foreign trade:

The biggest event of all was our dramatic expansion to a new plateau of $6 billion annual agricultural exports. We achieved this 4 years ahead of our projections that had been set up a few years ago.

A series of headlines came out of the preparations, frustrations, and eventual postponement in the agricultural sector of the GATT negotiations.

Since we met a year ago we've seen an unexpected world shortage of red meat develop, and now we're importing less and even exporting some beef.

Also, we've seen the world dairy surplus shrink sharply, and I think we're still asking ourselves what became of it.

We've had some classic examples of what world weather can do to trade. Last year we picked up additional export sales because of bad harvests abroad; this year the world's weather generally has been good and we're not getting this extra demand.

We're finding the bars coming down on agricultural trade with the Communist countries—not so much as far as the United States is concerned but for a number of other Western countries.

During the year we turned the spotlight more than ever before on the need for international agreement on food laws that aid rather than impede world trade in food products.

The Congress authorized continuation of the Public Law 480 (Food for Peace) program for 2 more years and placed new emphasis on greater returns to the United States.

A new trade policy bloc emerged during the year, made up of the less developed nations who are getting organized and are seeking more favorable terms of trade with the developed nations.

And, finally, we are finding that our own export expansion programs overseas are running head-on into similar promotion efforts by our competitors, sometimes even more intensified than our own.

We can't examine all 10 of these headline developments at this time but I think four of them are particularly significant and should be explored: The Kennedy Round of GATT negotiations, the world beef trade, East-West trade, and our new high-level export plateau.

Grain prices stall GATT

Today, November 16, major participants in the Kennedy Round were to have deposited their exceptions lists, on both agricultural and industrial products, and with these on the table the scope of the negotiations would have been clearly defined. But the EEC served notice that it was not ready to participate in agricultural negotiations, due to internal disagreement over grain-price levels. The agricultural exceptions lists are not being deposited today and the agricultural part of the negotiations has been postponed, we hope for no more than a few weeks.

The question as I see it is not whether there will be negotiations that include agriculture but when. There has been no change in basic U.S. policy regarding these negotiations. This policy which was stated last spring by President Johnson still stands:

"The United States will enter into no ultimate agreement unless progress is registered toward trade liberalization on the products of our farms as well as our factories."

The immediate reason for delay in the agricultural sector of negotiations is the Common Market's insistence that it must achieve internal agreement on grain prices before it can negotiate successfully. We do not agree that this is necessary but the EEC has stood firm.

The French are trying to get agreement on grain prices within EEC by December 15, and their main dispute is with West Germany over price levels—the Germans wanting higher prices, the French wanting lower prices, but both wanting prices high enough that unquestionably total EEC grain production would be stimulated, and imports from outside suppliers, such as the United States, would shrink in the years ahead.

U.S. seeks market-sharing

In view of the outlook for declining grain sales to the Common Market under its variable levy system, we have sought to work out with the EEC a market-sharing formula. A useful precedent for this is our grains agreement with the United Kingdom, concluded last April. The U.K. has adopted new policies on imports of grains, which could be restrictive, but in so doing also has recognized the access rights of its traditional suppliers, including the United States. The access assurances given by the British include a commitment by the government to take corrective action if total grain imports show an appreciable decline below the average of the 3 years ending July 1, this year.

We would all be happier if the GATT negotiations were going forward today as scheduled, without this postponement in agriculture. It is a complex problem in which grain prices are only part of the issue. The basic purpose of the Kennedy Round is to remove trade impediments and encourage the flow of trade. We and a number of our trading partners seek agreement on rules which would permit both negotiation of access for variable levy items and reductions in fixed tariffs. The Common Market proposes a system for negotiation which would measure existing levels of protection and would undertake to freeze these

levels, a philosophy which is contrary to the basic purpose of the negotiations since it contains no element of liberalization.

The basic trade issue today, as it has been all along, is liberalism versus protectionism. This basic trade issue is further complicated by other ramifications of a military and foreign affairs nature, including NATO and MLF. The weeks immediately ahead will be critical ones in our Atlantic relationships.

Beef trade changes abruptly

Beef consumption goes up with rising standards of living, and for the world as a whole there is a steady uptrend in beef production and consumption. During the last 10 years, world beef output in 44 major producing countries has increased 40 percent, and beef trade has increased 60 percent.

Since a year ago, however, we have seen an abrupt change—a temporary change—in the direction of world beef trade. As dramatic evidence of this, cattle boats are running again from the United States for the first time in about 50 years, and so far this year they have carried about 5,500 head of live feeder cattle to Italy. Veal is in such demand in Italy that in recent weeks over 6,500 head of our veal calves have been shipped there by air transport to supply this new market.

Although world demand for beef is up, particularly in Europe and Japan, production outside the United States has temporarily declined. Europe is rebuilding herds to make up for the heavy slaughter that followed the severe 1962-63 winter, and Argentina is rebuilding herds to make up for the slaughter that followed its 1962-63 drought.

Our own beef trade is benefiting from the current world beef shortage. Our imports of beef, which were unduly large in 1963, are expected to be down about 25 percent for 1964. Our exports of cattle and beef, though not large in terms of our total supply, are expected to increase about threefold.

The beef shortage is particularly acute in Western Europe. Like rising costs of other foods, high prices of beef are contributing to inflationary pressures—and causing considerable worry to consumers and governments. In January of this year, food costs in the United States were only 6 percent above the 1958 level, but in France they were up 26 percent, Italy 21 percent, the Netherlands 19 percent, and West Germany 14 percent. Currently the French housewife is paying $1.50 a pound for striploin, $1.40 for round steak, and 94 cents for hamburger.

France may buy U.S. beef

With market trends like this, we are doing our best to move in with supplies to help meet the demand. French meat officials and buyers have been in the United States looking at our supplies, and there is good prospect of exporting beef to France in some volume. Such exports are made possible by the fact that the French, in order to make up for short domestic production, had lowered their duty on beef to 6 percent in June and now have it at 12 precent, in place of the 20 percent that might be expected under their variable levy system.

France's imports of fresh and frozen beef from the United States, I might add, will be in addition to its steady demand for such variety meats as beef livers and tongues which in January-September had reached $8.7 million.

We are glad to sell France or any other country increased amounts of our beef. We are glad to see them reduce their duties, even though temporarily, to make such sales possible. But isn't there also a moral here? Aren't we seeing now that countries that are in and out of world beef trade—lowering their duties when supplies are short, raising their duties when supplies are long—are contributing to world beef trade problems rather than providing solutions?

I think it is fair also to ask the question: Was it our low duties that attracted so much beef into the United States last year, or was it the high duties and other barriers of so many other countries which deflected beef to us because it couldn't get into their markets?

If we could get uniformly reasonable and stable duties on beef in major markets of the world, I think we would have no problems with our own low duties. But none of us expects to get such action through normal developments and that is why, through the GATT, we are pressing strongly for a beef agreement that will help establish orderly flows of beef in world trade. The Congress enacted new legislation during this past session aimed at preventing any abnormally large influx of foreign beef in the future, and we look on this as helpful stand-by authority for use if needed as we try to get greater international understanding and agreement.

East-West trade in wheat

One of the important trade developments has been the large-scale buying of wheat by Communist countries from the capitalist countries, particularly the purchases last year by the Soviet Union and since 1960 by Communist China. The United States has participated in this development—mainly the 65 million bushels of wheat that our grain trade sold this past fiscal year to the USSR.

But the very fact that Canada and Australia, particularly, and to a lesser extent, France and Argentina, have been selling to the Soviet Union and Communist China has drained large amounts of wheat from regular market competition. This would be more of a plus for our own marketing position except that this Communist demand has also stimulated expanded wheat production among our wheat competitors.

The Soviet Union has a good crop and is not buying much wheat this year, although Communist China is. It is not safe to count on Russia as a wheat importer except in years of exceptionally bad crops. The Soviet Union has the largest wheat acreage in the world—over 160 million acres—and even though yields are low, especially on the marginal new lands, reasonably good weather produces a lot of wheat.

Despite restraints of climate and the collectivized system with its management problems and insufficient incentives, an increase in wheat production in the Soviet Union is likely over the next few years. Not all this wheat will necessarily show up in the market. Soviet officials would like to build up a large stockpile of wheat as a cushion against future bad crops and thereby reduce need for large imports in bad years. Khrushchev once said he had in mind stocks amounting to half or even a full year's requirements.

From 1958 to 1962 the Soviet Union was an exporter of wheat—from 4 million to 6 million metric tons a year, mainly to other Communist countries. No doubt it would like to get back into this position. If Eastern European

countries become more oriented toward the West, this would be a factor against such trade—but this sort of development is highly uncertain. The principle of bilateralism on which the trade between Communist countries is based and the inconvertibility of their currencies favor trade among themselves.

China to need wheat

Communist China continues to be a major factor in the world grain market. Since 1960 it has bought over 22 million metric tons of grain at an estimated cost of more than $1.5 billion. Purchases for delivery this year are the biggest to date and probably will total about 7 million tons. Canada and Argentina have some forward delivery commitments for 1965 and 1966. We expect France and Australia will make some forward commitments, too. We think purchases at this level will need to continue unless the Chinese downgrade their already low diets.

Communist China's official line is that they plan to continue importing cheaper grains, such as wheat and feed grains, and export the higher priced rice and soybeans. It is true that we have seen a return to fairly substantial exports of soybeans but so far there is not much evidence of rice coming out in any quantity.

Our export outlook

In Outlook Conference tradition, I'd like to conclude with some thoughts about where we are in agricultural exports and where we seem to be going.

We have a number of export-expansion activities underway that we did not have 10 years ago. These are having a favorable impact and they will continue to do so. For example, we have our cooperative market development program in which the Department of Agriculture and 47 U.S. agricultural and trade groups have pooled money and talent to carry out export sales efforts in 67 different countries. The sale of every major American agricultural product is actively being promoted abroad.

We have asked ourselves how far we can justifiably go in such promotion—and have concluded there is no statistical answer to this, for it is a matter of judgment. We find some of our foreign competitors are spending much more on export promotion in comparison to the size of their exports than we are. In fiscal year 1963 the United States spent about $15.8 million promoting sales of agricultural products abroad. In relation to the size of exports, Israel and Denmark spent at a rate 5 times greater than ours, and the rate of activity of New Zealand and Australia also was ahead of ours.

This is not by way of apologizing for our agricultural export accomplishments however, for the $6.1-billion record attained last year put us up to a new level never attained before. We're equally proud of the fact that the $1-billion increase in exports over the previous year was practically all in increased sales for dollars.

During the current fiscal year 1965, we look for a slight drop in the export total—perhaps down to $5.9 billion. The drop will reflect the fact that Western and Eastern Europe have good crops and are not expected to turn to us for extra supplies, as they did last year. I look on this drop as only temporary.

$7-billion export level foreseen

Our agricultural exports seem to go in a series of plateaus. I recall a few years ago when we got onto a $3-billion export plateau for a few years—then went up to a $4-billion plateau—then up to a $5-billion plateau. Now I think we're more or less on a new $6-billion plateau and will be there for the next several years.

By 1970, I fully expect we will move on to a new $7-billion export plateau. We have the supplies, and the export market will be needing them. Some years ago an export figure of $7 billion for one year would have sounded fantastic—but all we have to do is look back over the trend of this recent period and it begins to look like a very reasonable goal.

Survey Shows Continued Change in Japanese Eating Habits

For 18 years, Japan's Ministry of Health and Welfare has conducted an annual nutrition survey on its population's food habits. This survey has, naturally, been of interest to the United States, which sells more farm products—$742 million worth during fiscal 1964—in Japan than in any other country.

The report for Japanese Fiscal Year (April 1, 1963-March 31, 1964) 1963 shows that Japan's postwar shift from a diet based primarily on rice to higher consumption of animal products, fruits, and vegetables continues.

According to the survey, per capita daily intake of nutrients, except Vitamin B_1, and calories increased in JFY 1963 over the preceding years. This indicates an overall improvement in the Japanese diet—more meat, eggs, milk, fresh vegetables, fruit, and animal and vegetable oils. Japan is striving, however, for even better nutritional levels, as indicated by its dietary goals for 1970.

In JFY 1963, fat consumption was 77 percent of the optimum set for 1970, calcium, 62 percent, and Vitamin B_2 66 percent. Consumption of Vitamin B_1 was off sharply, reflecting the shift from the brown rice to white or polished rice.

A breakdown of JFY 1963 per capita intake shows that caloric consumption of starchy foods—notably barley and potatoes—was down while that of animal protein in proportion to total protein was up. Consumption of fruits and vegetables also rose markedly.

There remains in Japan, nevertheless, a strong need to increase the intake of the animal products, as sources of protein and fat, and of fruits and vegetables, as sources of vitamins.

Per capita daily expenditures for food have been increasing steadily, rising in JFY 1963 by 10 percent from the previous year's level. Money spent on foods of animal origin, which accounts for about a third of total expenditures, increased by a similar amount.

Caloric intake still remains under Japan's standard requirement of 2,500 calories, with more than half of the total households surveyed, below this level. About 20 percent of the people in urban areas and 30 percent of those in rural areas have a daily intake under 2,000 calories, and 9.7 percent of the nonagricultural households do not even reach 1,700. —JOSEPH C. DODSON

U.S. Agricultural Attaché, Tokyo

Albert B. Davis, *FAS tobacco marketing specialist, early this fall went to the Mediterranean area to study the oriental tobacco crop and to assess markets for U.S. tobacco. His findings are reported on informally in the following article.*

Tobacco-Growing and Markets in the Mediterranean

My study of the Mediterranean tobacco-growing countries started late in August and lasted until October. In this time I visited the three big oriental tobacco producers —Greece, Turkey, and Yugoslavia—as well as Syria, Jordan, and Lebanon, who purchase either cigarettes or leaf from the United States. My trip also took me into Italy to gage the comeback that country's tobacco industry had made after the serious blue-mold attack several years ago. And finally, I visited the Common Market area to gather information about the movement of tobacco there.

This was a lot of ground to cover in a short time, and much was learned. Only the highlights, though, are reported here—taken largely from the notes I jotted down as I went along. Country by country the situation appears to be as follows—

GREECE:—This year's tobacco production is practically the same as it was in 1963. The Greeks expect to have a surplus of about 70 million pounds of exportable oriental tobacco as of July 1, 1965 (from 1963 and prior crops), and are concerned about where they will sell it—and we in the United States are too. Will they move it at a price to manufacturers in the EEC (European Economic Community), will they open new markets elsewhere, or will they sell it at a price behind the Iron Curtain?

The new Greek burley industry may also cause U.S. growers some concern. The industry had government help at the start (about 1960-63) but now it is out of its infancy and is currently in big hands. They are in business with their sights set on the Common Market where they will soon have zero duty. We—in most countries the U.S. agricultural attaché accompanied me—visited one growing establishment that had 50 acres of burley this past year.

During the trip to Trikala and Volos to see the new burley industry we noticed that what remained in the fields did not look true to type—but as though there might be a trace of oriental tobacco in their seed stock. And one large grower said he was not satisfied with the seed they had received this year; thought it might involve some oriental, and that the yield was low too—roughly about 100 pounds per acre less. To my eye it could not compare quality-wise with U.S. burley.

With regard to Greece's oriental tobacco, it appears that most of the American cigarette manufacturers who normally bought the top grades (I-II) are now buying Grades I-III, and in some cases I-IV. The same is true for the American companies buying in Turkey. What the long-term effect of this trend will be is not clear, but it would seem to mean an increase of oriental tobacco imports into the United States since the manufacturers will be paying a lower price per pound.

TURKEY:—Most of Turkey's tobacco is oriental, and this year production is up 10 to 15 percent. The quality is reported to be about average. By asking questions we finally learned why total acreage sometimes varies rather widely for a "controlled crop." The Turkish Tobacco Monopoly approves the areas where tobacco can be grown; then farmers grow tobacco on all the land they own, control, or can rent, as long as they stay within the approved area. Izmir, for example, had considerable acreage expansion this year because it looked like a good one for growing tobacco.

Turkey has room to expand its tobacco production, but there may be a question of labor. How much longer will the young men stay on the farm and do the work connected with tobacco production? Women do a great deal of the work, including the harvesting of the small leaves and stringing them preparatory to the curing.

The heavy hand-labor input plus the probable competition in EEC markets from Greek burley and possibly flue-cured may have broad effects on Turkey's tobacco program, encouraging them to shift some of their own production to burley and/or flue-cured for export. This step, naturally, would bring Turkish tobaccos into competition with U.S. leaf.

YUGOSLAVIA:—Though hardly a Mediterranean country, Yugoslavia is usually linked with the area since its tobacco production is mainly of oriental types. The country seems to be making progress agriculturally and doing exceptionally well with hybrid corn. Its tobacco output is mounting too. This year's crop is estimated at 154 million pounds, the highest level since 1957 and way above the 1961 harvest when blue mold hit the crop.

About 130 million pounds of this year's crop is oriental and semi-oriental, and a much smaller share—around 2 million pounds—is Virginia-type. It is my personal opinion that we may see a moderate expansion of Yugoslavia's tobacco industry, and we should not be too surprised if they try more flue-cured and work on burley expansion.

SYRIA:—Syrian tobacco increased sharply this year over 1963. Most of it is oriental; however, I did see some experimental flue-cured at the Damascus and Latakia stations. The country exports from 1 million to 3 million pounds a year but has never established any definite trading pattern. As for imports, the United States supplies over 95 percent of the cigarettes purchased, and in both 1962 and 1963 these totaled over 100 million pieces.

LEBANON:—Here too tobacco production has increased —about 10 million pounds this year compared with 9.8 million in 1963 and 8.7 million in 1962. Practically all of it is oriental and semi-oriental. Lebanon has increased its tobacco exports. About 2 million to 3 million pounds are imported by the United States—possibly by cigarette companies that export cigarettes to Lebanon. The United States is the major cigarette supplier; our sales last year totaled 533 million pieces.

JORDAN:—The country's tobacco output varies greatly from year to vear, ranging from 1 million pounds to nearly

5 million. For 1964 its crop is estimated at 3.1 million pounds; a major part of it is flue-cured.

Jordan imports about 1.5 million pounds of leaf a year, and the United States is the largest supplier—in recent years from 0.7 million to 1 million pounds, mainly flue-cured but some burley. At the same time, Jordan exports about a half million pounds of tobacco products, chiefly cigarettes, to such nearby countries as Lebanon, Kuwait, and Saudi Arabia.

Like Syria and Lebanon, Jordan should be increasing its manufacture of American-type cigarettes, and consequently prove to be a promising market for more U.S. leaf.

ITALY:—Italian tobacco production this year is practically back to where it was before the blue-mold attack. Its harvest is estimated at 180 million pounds, up 20 percent from that of the previous year. Also, acreage is about 15 percent larger.

Accompanied by an official of the Agency for the Cultivation of Tobacco for the Perugia district, I made a tour of the packing and storage plant for that area. We were shown samples of some of their flue-cured. The color was acceptable, but it was a little on the "slick" side, and it lacked the aroma of U.S. flue-cured. The Italians themselves complained about the inferior tobacco they had developed to combat the blue mold, said they had used Australian varieties in their program to breed disease-resistant varieties.

Although Perugia is not a burley area, the Agency official felt that burley offered them more promise than flue-cured because of the higher yields and lower costs. Flue-cured was yielding about 1,600 pounds per acre, and burley, he believed, would yield 2,200 to 2,300, and the costs of production would be 25 percent lower.

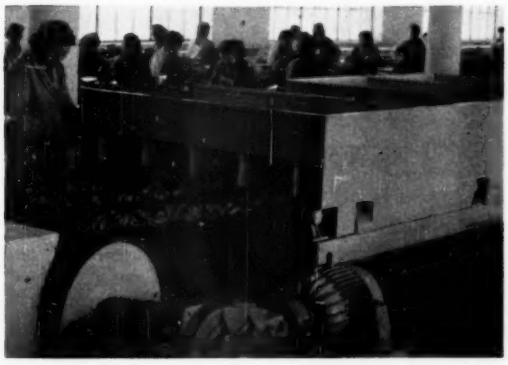
Later we had a chance to see the burley grown in the Verona-Milan district. All of it had been harvested and was in the curing barns. It was not average in color by our standards; it had a bleached-out, brownish appearance. And we learned too that the tobacco growers in this area were no happier with the disease-resistant burley that had been developed than the Perugia farmers were with the flue-cured varieties.

The Verona-Milan district is an important one. It produces one-third of Italy's flue-cured, one-fourth of the subtropical tobacco, one-third of the cigar, practically all of the Nostrano, and about 100 acres of shade-grown Sumatra wrapper. Although Italy is currently producing about 50 million pounds of oriental type, none is grown in this area. However, it is believed that the high labor input required for growing oriental tobacco coupled with the migration of many Italian farm workers to the industrial areas of the Common Market may cause oriental output to decrease rather than to increase. In fact, it is quite possible that this migration of farm workers may keep Italy from expanding its total tobacco output to any great extent.

Italy in fiscal year 1963 exported a total of 7 million pounds of tobacco, almost 90 percent of it going to the EEC countries, with West Germany the largest customer. Exports to Germany were mainly flue-cured, burley, and

Above, Turkish farmer loads donkey with bale of oriental tobacco. Below, as this scene in Greece shows, much hand labor is used in growing oriental.

Yugoslavia: Left, polyethylene sheds are used both for seedlings and curing; top oriental tobacco field near Prolupje; and below, tobacco being dusted in factory.



Maryland types. The Netherlands bought flue-cured, Kentucky, and fire-cured, and Belgium, burley and Kentucky. But because of blue-mold damage Italy has been importing more tobacco than it has exported. Its foreign buying in fiscal 1963 totaled 45 million pounds, of which the United States supplied 11 million pounds.

NORTHERN EUROPE:—Though the purpose of my trip was to look into Mediterranean output and markets, after I left Italy I stopped briefly in France, the Netherlands, Luxembourg, West Germany, and Great Britain where I interviewed manufacturers about trends in cigarette types and future tobacco-buying plans.

There may be some movement of cigarettes to and from the Netherlands, Luxembourg, and West Germany. There may be more movement than now between France and Italy, but the manufacturers interviewed thought that there would be little export of the dark cigarettes manufactured in France and Italy to the other EEC countries.

The United Kingdom does not buy much oriental tobacco and not too much burley as manufacturers are not permitted to make an American-blend type cigarette in which casing is used. This year they bought heavily of Rhodesian tobacco because of low prices and the 21.6-cent per pound preference.

Danes Act To Reduce Impact of New EEC Dairy Regulations

The European Economic Community's new common agricultural policy (CAP) for dairy products, which became effective November 1, is causing considerable concern in Denmark, for West Germany and Italy are Denmark's No. 1 and No. 2 cheese markets. During the period October 1963 through September 1964, 52 percent of all Danish cheese exports went to West Germany. Anxious to avoid the payment of extra import charges and higher EEC tariffs, the Danish dairy industry took simultaneous action itself, to prevent exporters from selling below the EEC's established minimum import prices.

Denmark's privately operated Cheese Export Board, whose members include all cooperative as well as all private dairies, announced the week before the new EEC regulations went into effect that it would collect export fees on all cheese exported to West Germany beginning November 1. Its purpose is to bring Danish export prices up to a point where the EEC variable import levy would be no higher than the rate of duty applied to imports of Danish cheese before the new system went into effect.

For standard-type cheese with a 45-percent fat content, a fee of about 3 cents per pound added to the export price of 25.6 cents would mean a total export price of about 28.6 cents, which is 3 cents above the selected minimum import price recently established by the Community. By exceeding the EEC minimum in this way, Danish exporters can make sure of not having to pay a supplementary EEC levy.

For Havarti cheese, the export fee was not announced by the Board, nor was the current export price, but the sum of the two—according to the Board—would also be equivalent to the minimum import price established by the Community. The assumption apparently is that no supplementary import levy will be imposed on imports made at that price.

The new Danish export fee system for cheese is somewhat similar to that introduced for poultry in November 1962, when Denmark agreed with the EEC not to sell poultry in EEC countries at prices below the EEC minimum import price, on condition that the supplementary import levy would not be collected on Danish poultry. The Danish poultry fee, however, was imposed and collected by the Ministry of Agriculture and not widely supported by the poultry industry; the arrangement lasted only a few months. The cheese fee, in contrast, will be collected and controlled by the industry itself through the Cheese Export Board, which has the full cooperation of producers and exporters.

If the EEC should impose supplementary levies on cheese because offer prices from other countries are too low, the Danish dairy industry hopes to be excluded from payment of these levies, as Danish exporters of eggs to West Germany recently were.

The export fees collected will be paid back to the cheese producers. Thus the system should result in higher returns to the Danish cheese industry, and much of this increase will probably be passed along to dairy farmers.

—HAROLD L. KOELLER
U.S. Agricultural Attaché Copenhagen, Denmark

President Restates U.S. Farm Policy in GATT

President Lyndon B. Johnson said in a letter to the National Grange convention, November 16, 1964, at Atlantic City, N.J.—

"As part of the effort to improve the incomes of farmers, we shall seek particularly to continue to strengthen markets abroad for U.S. food and fiber—markets which were at record levels the past fiscal year.

"Of particular interest currently is the effort to lower barriers to our historic agriculture markets in Europe through the Kennedy Round negotiations. As you know, the United States had tabled its industrial offers in Geneva today. We regret very much that we were unable to agree on rules for agricultural negotiations and therefore to table agricultural offers at the same time. However, I want to assure the American farm community and this body that represents it so well that this action does not, in any way, lessen our determination to obtain a fair and reasonable bargain for American agriculture in this negotiation. There can be no successful negotiation that does not include American agriculture as well as American industry."

RELEASED THIS MONTH BY FAS are two booklets on cotton: One is a study made earlier in the year on the future of Mexico's cotton industry; Mexico is foremost competitor of the United States in many cotton markets. The other booklet describes the cotton textile industry of the European Economic Community, the world's largest importer of raw cotton. Both are available on application to the Foreign Market Information Division, FAS, Washington, D.C. 20250.

"Cotton in Mexico: Trends and Outlook," FAS-M-163; "Prospects for the Cotton Textile Industry and Cotton Consumption in the EEC," FAS-M-162.

U.S. Beef Held Center of Stage at Food Show in Paris

U.S. agriculture's exhibit at the SIAL International Food Exposition, Paris, closed 2 weeks ago today on a note of friendly reception for U.S. beef.

Acclaimed "highly successful" by U.S. food trade officials, the 9-day exhibit of American foods was visited by an estimated 125,000 persons who inspected and sampled U.S. rice dishes, honey, dry bean foods, fruit products, and beef, variety meats, and ham.

Trade queries were brisk for all items, but U.S. beef had the center of the stage.

"We showed the French the kind of beef we can ship them, and they liked it," said Harrel DeGraff, president of the American Meat Institute which cooperated with FAS in staging the display. "France and Western Europe have a net aggregate deficit of beef; this demand will eventually pull more U.S. beef into Europe," he added.

Members of the French meat trade saw and tasted U.S. beef at a meat conference November 12 when U.S. officials discussed with the French such topics as meat demand, supplies. and prices. On the U.S. panel were Assistant Secretary of Agriculture George L. Mehren, Agricultural Attaché Paul E. Quintus, Harrel DeGraff, and Carl Neumann, general manager of the National Livestock and Meat Board.

Paris' popular morning newspaper *Figaro,* reporting on the conference, said, "The charm offensive being launched by the United States at SIAL has a goal which is frankly proclaimed by its organizers: 'We want to sell our beef in Europe.' " *Figaro* also commented, however, that while the American meat is good, "it arrives in France at a price higher than that of Argentine beef. Europe's meat deficit is only temporary and production prospects permit envisaging the problem with much calm."

Helping to dissipate French prejudice against frozen beef was the American Day luncheon for the gastronomic press. Guests welcomed by U.S. Ambassador and Mrs. Bohlen were reportedly "astonished" to learn the U.S. rib-eye beef served them had come to France as a frozen carcass.

The upshot of the SIAL promotion, said meat industry representatives, is that French importers, retailers, and wholesalers now want specific information on prices, grades, and suppliers of many U.S. meat products.

No less enthusiastic was response

Left, F. A. Mattutat (center) of National Honey Packers confers with French importers; bottom left, visitors sample charcoal-broiled beef; and below, U.S. film star Jean Seberg offers honey to J. B. Cornu, a leading French importer.

to the other U.S. products on exhibit.

"Importers and agents from all over France want to handle American rice," said the U.S. Rice Council's Miss Ann Smith. "We also received inquiries from persons wanting to sell U.S. rice in other countries, such as Japan, the Netherlands, and Malagasy."

"U.S. beans have a good chance in the French market," reported Maurice Doan of the Michigan Bean Shippers Association. "The favorable reaction of the French public has convinced many French canners that American pea beans can be profitably marketed."

F. A. Mattutat of the National Honey Dealers and Packers Association said there was heavy selling of U.S. honey, particularly Orange Blossom, Sage, and Buckwheat.

According to FAS's A. Clinton Cook in charge of the fruit exhibit, a fruit trade reception brought to the U.S. show some 60 leading French importers. Inquiries about availabilities of U.S. fruit products continue to arrive from retailers and caterers.

USDA Promotes Soy Beverage, Defatted Grits in Test Project

A pilot project to test the consumer acceptance of U.S. defatted soy grits and soy beverage products will get underway within the next 3 months with the distribution of 7,500 tons to consumers in six foreign countries. The program—designed to help create new commercial markets for soya products—will be administered jointly by the USDA and Agency for International Development.

The Department of Agriculture plans to issue soon an invitation for bids for these products, which will be processed from privately owned soybeans. The products will be distributed overseas by voluntary relief agencies and foreign governments for use in pilot child and infant feeding projects such as school lunch programs, hospitals, orphanage centers, and maternal child health centers. Main participants will be Brazil, Hong Kong, India, Korea, the Philippines, and China (Taiwan).

Soy beverage is a milled soybean product (with added flavoring, vitamins, and stabilizers) which is mixed with water to provide extra nutrition. Soya grits are a soybean preparation containing 50 percent protein.

Report from Tokyo

California Raisins Look to Another Good Year In Japanese Market As 1964 Sales Near Record

Mounting demand for California raisins in Japan is pushing 1964 U.S. raisin exports to that country close to the 1962 record. Over 13,600 short tons have been sold to the Japanese through October, with still to come the heavy selling that normally occurs in late November and December.

Helping to brighten this outlook are ample raisin supplies now available from the 1964 U.S. raisin pack. FAS estimates place it at 236,000 tons, which is 21,000 tons larger than the marketable pack of 1963. A steady supply at favorable prices will be important to the lead U.S. raisins hold in Japan, since chief competitors—Australia, Turkey, and Greece—also have big packs to sell this year.

After Japan liberalized raisin imports in 1961, U.S. raisin sales jumped from about 2,600 short tons in 1960 to 12,600 in 1961, and went on to a record-setting 19,400 tons in 1962. Although 1963 shipments declined by 9,400 tons—partly because of heavy accumulated stocks and a short 1962 U.S. raisin pack—the United States remains Japan's leading supplier, commanding from 75 to 85 percent of the total raisin market.

Removal of import quota restrictions set the stage for increased sales of U.S. raisins, but helping them gain consumer acceptance can be attributed to a market development program jointly sponsored by the California Raisin Advisory Board and FAS. Other plus factors in high-level sales have been the superior flavor, cleanliness, and quality of California raisins and the Japanese consumer's growing preference for Western-type foods.

Before liberalization 3 years ago, the small group of Japanese holding import licenses bought low-priced raisins—regardless of quality—in order to maximize profits. When controls were lifted, many Japanese fruit traders entered the raisin import business for the first time. The result was the opening of a competitive internal market in which importers were forced to buy high quality raisins in order to satisfy baker and consumer demand. California raisins were now preferred—they were high in sugar content, and could be used for baking or eating without prior washing or screening. Two years after liberalization, California raisins had helped raise total raisin consumption six times above the 1955-59 average and were outselling all others.

Capitalizing on the already established market for Japanese bread products, U.S. market development in Japan began in 1961 by persuading bakers to use more California raisins in bread-making. Two of Japan's leading commercial bakeries were contracted by the Raisin Board to test-market a raisin loaf containing five times the amount of raisins customarily used in Japanese raisin breads. The loaf met good response with consumers, and other bakeries adopted the new bread formula.

To help bakeries obtain the maximum results from use of California raisins in breads and other baked goods, the Board sponsored bakers' training seminars which continue to be a feature of the Japanese program.

Raisin bread is today the single largest outlet for California raisins, and the number of bakeries putting them in breads, rolls, and cookies is fast-growing.

Current promotion is aimed primarily at the consumer, especially young people to whom Western foods have the greatest appeal. Ads in women's magazines urge housewives to purchase packaged raisins for eating out-of-hand and for home cooking. Counter displays in bakeries call attention to the baker's use of California raisins. Food editors of newspapers and magazines feature raisin recipes in food sections, and sponsor recipe contests.

While the other big world raisin exporters at present offer the United States little competition in the Japanese raisin market, Australia has just harvested a record 1964 crop and is aggressively promoting it in Japan. For example, prominent Japanese bakers were invited to Australia recently. Australia has also installed improved washing and screening equipment.

—JIMMY D. MINYARD
Assistant U.S. Agricultural Attaché

U.S. Exports More Feed Grains

U.S. feed grain exports totaled 3.9 million metric tons during July-September 1964, up 25 percent from the 3.1 million of the 1963 period. Larger shipments of corn and sorghum grain accounted for the increase; those of other grains were down.

The largest markets for combined total feed grains, other than transshipments through Canada, are the Netherlands and Japan.

A detailed table and analysis appears in the November issue of the *World Agricultural Production and Trade: Statistical Report.*

U.S. Wheat and Flour Exports Still Rising

The United States exported approximately 5 percent more wheat and wheat flour (grain equivalent) in the first 3 months of fiscal 1965 than during the same period of 1963-64.

Shipments to all parts of the world amounted to 181 million bushels, compared with 172 million in the previous years. Largest increase—23 percent—was in shipments to countries in the Western Hemisphere. Exports to other areas, except Asia, were somewhat less than previously reported. A downward trend can be expected in shipments to Europe, including the Soviet Union, as better crops decrease the need for wheat in that area.

It is anticipated that U.S. exports of wheat and flour will reach 253 million bushels by October 31, 1964, as compared with 249 million in the first 4 months of fiscal 1964.

A detailed table and analysis appears in the November issue of *World Agricultural Production and Trade: Statistical Report.*

West Germany's Rice Imports Lower

Rice imports into West Germany during January-July 1964, at 101,500 metric tons, were 6 percent less than the 107,700 tons in the same period a year ago. The major change was a decrease of 23 percent in imports from Egypt.

Imports from Burma and Communist China were 2,876 and 2,207 tons, respectively, as compared to none in the same months a year earlier, but this did not offset an overall decrease.

Semimilled rice imports were 13 percent lower, with the principal decline in volume from Egypt. Semimilled imports of 44,361 tons from the United States and 7,955 tons from Surinam exceeded those of January-July 1963. Semimilled rice accounts for 84 percent of total imports, of which 52 percent comes from the United States.

Milled, whole rice imports, at 7,117 tons, were 3,793 tons higher than those a year ago. The major increases were in quantities from Italy and the Netherlands. Imports from the Netherlands of milled, whole rice accounted for 28 percent of this type, but was only 7 percent of total imports.

Broken rice imports accounted for 9 percent of total imports and were above those of January-July 1963. Imports from Burma, at 2,896 tons, and Thailand, at 3,956 tons, accounted for the major increase. However, imports from the United States decreased by 4,046 tons.

WEST GERMANY'S IMPORTS OF RICE

Country of origin	Average 1956-60	1963	January-July 1963	January-July 1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Semimilled:				
Egypt	19,212	41,592	37,263	28,725
Italy	19,880	5,450	4,130	835
Spain	7,357	4,950	0	0
Surinam	7,220	10,280	7,290	7,955
Thailand	8,282	1,869	1,866	2,206
United States	19,298	50,244	42,412	44,361
Other countries	14,232	9,016	4,285	848
Total	95,481	123,401	97,246	84,930
Milled, whole:				
Italy	205	3,453	739	1,178
Netherlands	4,901	3,080	1,702	2,011
United States	333	332	157	1,409
Other countries	2,140	2,124	726	[1]2,519
Total	7,579	8,989	3,324	7,117
Broken:				
Burma	12,344	1,393	0	2,896
China, Communist	4,101	321	0	536
Thailand	1,672	99	99	3,956
United States	3,346	5,466	4,097	51
Other countries	1,998	4,798	[2]2,939	2,021
Total	23,461	12,077	7,135	9,460
All rice:				
Argentina	2,025	1,792	1,438	673
Burma	16,444	1,393	0	2,896
China, Communist	8,254	1,337	0	2,207
Egypt	20,070	41,592	37,263	28,725
Italy	20,260	8,903	4,869	2,013
Netherlands	5,517	3,850	2,178	2,502
Spain	7,357	2,376	0	0
Surinam	7,422	11,034	7,542	8,520
Thailand	10,064	2,150	2,130	6,464
United States	22,977	56,042	46,653	45,820
Other countries	6,131	14,000	5,632	1,687
Total	126,521	[3]144,469	107,705	101,507

[1] Includes 1,671 metric tons from Communist China. [2] Includes 1,242 tons from Argentina. [3] Includes 2 tons of rough rice not included in subtotals.

Der Aussenhandel der Bundersrepublik Deutschland.

Belgium-Luxembourg's Rice Imports Increase

Belgium-Luxembourg's rice imports during January-April 1964 (the latest available data), at 19,150 metric tons, were 6,062 tons greater than those of January-April 1963. Imports from the United States and Burma make up 54 percent of the total. However, the greatest increases came from Burma, Cambodia, and Communist China.

Milled and *semimilled* imports were 2,352 tons higher, with the main increase in tonnages from the United States and Communist China. Imports from the United States exceeded those of January-April 1963 by 2,167 tons, and reversed the downward trend of this type in 1963. Receipts of 1,032 tons of milled and semimilled rice were registered in this period from Communist China, compared to none for the same months in 1963.

Broken rice imports increased 5,448 tons over the same months of 1963. Burma accounted for the largest increase of this type, 4,567 tons, as compared to none in the same period a year earlier. Cambodia also showed an increase of 2,067 tons. However, these increased imports were par-

tially offset by lesser imports from the United States, and none from Argentina.

Milled rice accounted for 21 percent of total imports, broken 69 percent, and not classified 10 percent.

BELGIUM-LUXEMBOURG'S RICE IMPORTS

Country of origin	1962	1963	January-April 1963	January-April 1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Milled and semimilled:				
Brazil	3,043	33	33	---
China, Communist	3,557	711	---	1,032
United States	2,858	2,214	306	2,473
Uruguay	2,252	493	347	---
Other countries	3,242	[1] 4,402	940	473
Total	14,952	7,853	1,626	3,978
Broken:				
Argentina	4,980	3,634	2,305	---
Burma	12,793	2,326	---	4,567
Cambodia	0	0	0	2,066
Thailand	7,937	6,556	1,198	2,139
United States	1,437	7,328	3,766	2,396
Other countries	[2] 6,267	3,283	437	1,986
Total	33,414	23,127	7,706	13,154
Other	7,739	10,646	3,756	2,018
All rice:				
Argentina	7,464	3,727	2,398	---
Brazil	5,461	33	33	---
Burma	13,146	2,326	---	4,567
Cambodia	0	0	0	2,067
China, Communist	5,281	1,828	---	1,032
Egypt	1,676	1,313	1,313	471
Netherlands	94	47	19	17
Thailand	8,137	6,850	1,492	2,337
United States	5,234	13,001	5,471	5,718
Uruguay	3,935	2,616	787	854
Other countries	5,677	9,885	1,575	2,087
Total	56,105	41,626	13,088	19,150

[1] Includes 1,148 metric tons from Italy, Pakistan 2,086. [2] Includes 2,418 tons from Brazil.

Compiled from the *Bulletin Mensuel du Commerce Exterieur.*

Australia's Wheat and Flour Exports Set New Records

Australia's exports of wheat and wheat flour set a new record of 288 million bushels (grain equivalent) in fiscal 1964. Largely responsible for these large exports were increased takings by Mainland China, the USSR, and the United Kingdom. Poor wheat crops in these countries, in addition to a large population increase in China, accounted for the increase in exports. (China increased its takings by approximately 18 percent.)

A detailed table and analysis appears in the November issue of *World Agricultural Production and Trade: Statistical Report.*

Switzerland's Rice Imports Down

Switzerland's imports of rice during January-August 1964 were 12,400 metric tons—down 26 percent from the 16,800 tons imported during the same period in 1963. They were practically half the 1956-60 yearly average of 25,500 metric tons, and 59 percent less than the 29,900 tons imported during calendar year 1963.

The major change in Switzerland's rice imports was a dramatic decrease in imports from Italy—2,856 metric tons as compared to 11,054 tons in January-August 1963. However, Switzerland's imports from the United States of 7,746 tons were 3,219 tons, or 71 percent above those last year.

Switzerland's imports of semimilled rice accounted for 46 percent of total imports, milled 41 percent, and undetermined 13 percent.

SWITZERLAND'S RICE IMPORTS

Country of origin	Average 1956-60	1963	January-August 1963	January-August 1964
	Metric tons	*Metric tons*	*Metric tons*	*Metric tons*
Italy:				
Semimilled	17,272	21,300	10,226	2,465
Milled	3,628	1,269	828	391
Total	20,900	22,569	11,054	2,856
Netherlands:				
Milled	663	376	233	126
United States:				
Semimilled	458	1,908	1,705	3,225
Milled	1,590	3,858	2,822	4,521
Total	2,048	5,766	4,527	7,746
Other countries	1,850	1,215	1,003	1,658
Total	25,461	29,926	16,817	12,386

Statistique Mensuelle du Commerce Exterieur.

Australian Exports of Barley and Oats Increase

Australian exports of barley and oats in July-June 1963-64 totaled 556,000 metric tons—up 32 percent from the same period a year earlier.

Barley exports, totaling 429,000 tons, increased 83 percent. Most went to Japan; however, substantial sales also were made to the United Kingdom and the Netherlands.

Exports of oats were slightly less than those for a year ago. Communist China was the major destination.

A detailed table and analysis appears in the November issue of the *World Agricultural Production and Trade: Statistical Report.*

Lower Prune Prices in London

Prices of dried prunes in London this October were lower than a year earlier. Landed duty-paid prices per pound for dried prunes in bulk from California, Chile, and Australia were given below by size:

	October 1963	October 1964
	U.S. cents	*U.S. cents*
California:[1]		
20/30	([2])	32.50
30/40	25.00	23.40
40/50	22.50	21.90
50/60	20.90	19.30
60/70	20.00	18.75
70/80	17.80	18.00
Chile:[3]		
40/50	([2])	([2])
50/60	18.75	17.75
60/70	16.25	16.75
70/80	15.90	15.90
80/90	14.10	([2])
90/100	14.40	([2])
Australia:[4]		
50/60	([2])	17.50
60/70	([2])	15.90
70/80	16.25	15.00
80/90	([2])	13.80
90/100	([2])	11.90

[1] Boxes of 30 lb. net. [2] No offer. [3] Boxes of 11½ kg. (25.4 lb.) net. [4] Boxes of 35 lb. net.

Mozambique To Establish New Cashew Shelling Plant

After 2 years of research at its pilot plant near Lisbon, a Portuguese firm is moving its mechanical shelling installation to the Lourenco Marques area of Mozambique. The plant is designed to process 16,500 short tons of raw cashews a year by a mechanical process designed for continuous production.

It is claimed that this unit will begin production in January 1965 and will be the first of six units planned

by the firm. All six units have a planned capacity of 100,000 tons together with the present manual processing capacity of 16,000, they would, if successful and if raw nut production remains at current levels, use virtually all of Mozambique's raw cashew crop.

No target date for the completion of the six-plant project has been reported, indicating that the first plant will remain on a trial basis for the present. In light of past unsuccessful attempts to mechanize the cashew shelling industry, the outcome of this latest scheme is awaited with considerable interest.

Canned Fruit and Juice Prices in Netherlands

Selling prices in the Netherlands (landed, duty paid) of selected canned fruits and juices are given in the following table.

Type and quality	Size of can	Price per dozen units: Oct. 1963	June 1964	Oct. 1964	Origin
CANNED FRUIT		*U.S. dol.*	*U.S. dol.*	*U.S. dol.*	
Apricots, halves:					
Choice	2½	3.81	3.81	3.81	S. Africa
do	15 oz.	(1)	1.99	2.15	Spain
Standard	303	2.75	2.75	(1)	U.S.
Peaches:					
Halves, Choice	2½	4.31	4.44	4.14	S. Africa
Slices, Standard	15½ oz.	2.35	2.35	2.35	
Fruit cocktail:					
Choice	2½	5.44	5.60	5.20	U.S.
do	303	3.25	3.35	3.28	U.S.
Fruit salad	15½ oz.	2.98	2.85	(1)	Spain
Pineapple:					
Slices, Fancy	2½	4.71	4.81	4.74	U.S.
Slices, Choice	2½	(1)	4.48	4.48	U.S.
Pieces, Choice	30 oz.	3.48	3.48	3.31	Taiwan
CANNED JUICE					
Orange, unsweetened	2	2.65	2.65	2.65	U.S.
do	2	2.32	2.12	2.12	Greece
Grapefruit, unsweetened	2	(1)	2.22	2.22	Israel
Pineapple, Fancy	2	1.96	2.15	2.15	U.S.

[1] Not quoted.

South African Peanut, Sunflowerseed Production

According to official estimates, the Republic of South Africa's 1963-64 peanut crop, at 146,000 short tons (shelled basis), is down more than one-fourth from the record crop of a year ago. The decline reflects a sharp drop in yields, owing largely to the lack of moisture during the growing season; acreage is above the previous year's level.

The peanut crop is harvested principally in the March-May period, while marketing starts in July and may continue throughout the crop year.

Sunflowerseed production in 1963-64 is estimated at 96,000 tons, down 12 percent from last year's outturn. The decline was due to significant reduction in yields which overshadowed an 11-percent rise in plantings.

The sunflowerseed crop is harvested in the February-May period, largely April, and marketed mostly in the March-July period.

Significant quantities of seed and oil from both peanuts and sunflowerseed are exported. However, because of the decline in sunflowerseed production, more peanuts may be used in making up the deficit for domestic edible oil consumption. This is expected to result in smaller exports of peanuts for crushing. Exported quantities of selected peanuts for food consumption as kernels probably will continue to be fairly constant from year to year. Despite some limitations, there is a trend toward machine selection of kernels. However, hand selection will not be entirely replaced because of the availability of hand labor.

SOUTH AFRICA'S PRODUCTION, ACREAGE, AND YIELDS OF PEANUTS AND SUNFLOWERSEED

Crop year beginning May 1	Planted acreage	Yields [1]	Production [2]
	1,000 acres	*Pounds per acre*	*1,000 short tons*
Peanuts, shelled basis:			
1959-60	654.0	465	151.9
1960-61	755.6	511	193.1
1961-62	[3] 721.6	378	136.3
1962-63	[3] 973.4	403	[3] 196.0
1963-64	[3] 1,077.0	271	[4] 146.0
Sunflowerseed:			
1959-60	425.4	470	100.0
1960-61	472.0	524	123.7
1961-62	[3] 429.5	505	108.4
1962-63	[3] 416.9	523	[3] 109.0
1963-64	[3] 463.4	414	[4] 96.0

[1] Calculated from the data presented here. [2] Includes estimates of annual "farm retentions"—5,000 tons for peanuts and 1,100 for sunflowerseed. [3] Estimated. [4] Revised.

Republic of South Africa, Oilseed Control Board and Department of Agricultural Economic Research.

Philippine Copra and Coconut Oil Exports

Registered shipments of copra and coconut oil from the Philippine Republic during the first 10 months of this year totaled 603,718 long tons (oil basis), a decrease of 6 percent from the 644,185 tons in the same period of 1963. Copra exports were down 11 percent, while coconut oil exports were up 9 percent.

Exports of copra and coconut oil (oil basis) in October were 12,335 tons less than in September, and 3,148 tons less than in October 1963. Actual exports of copra decreased in October to 90,540 tons from 112,750 in September, and 105,196 in October 1963. Coconut oil exports in October totaled 18,667 tons as against 16,788 in September, and 20,345 in October 1963.

PHILIPPINE EXPORTS OF COPRA AND COCONUT OIL

Destination	1963	January-October 1963	January-October 1964
	Long tons	*Long tons*	*Long tons*
Copra:			
United States	245,293	205,151	186,901
Europe	623,693	491,365	429,528
South America	16,970	13,620	21,800
Japan	38,977	31,777	20,800
Other Asia	500	---	500
Middle East	3,250	3,250	140
Total	928,693	745,163	659,669
Coconut oil:			
United States	183,648	154,264	147,616
Europe	28,489	13,017	32,330
South Africa, Rep. of	---	---	1,584
Total	212,137	167,281	181,530

Yugoslav Olive Oil Outturn Down; Sunflowerseed Up

Yugoslavia's 1965 olive oil production from 1964 crop olives is officially forecast at 80,000 hectoliters (8,000 short tons) compared with a near-record outturn of 118,000 hectoliters (11,850 tons) in 1964 and 27,800 hectoliters (2,790 tons) in 1963. The decline from 1964 reflects, in part, damage caused by dacus fly infestations, despite use of control methods by the agricultural cooperatives in coastal areas.

In the calendar 1963, 404 tons of olive oil were im-

ported compared with 1,050 in 1962. No olive oil is being imported in 1964, however, because of the large outturn from the 1963 olive crop.

It is believed that production of sunflowerseed, the major oilseed crop, in 1964 was at least 10 percent above that in 1963, reflecting increased acreage. Sunflowerseed plantings in 1964 were reported at about 383,000 acres, markedly above the 1955-59 annual average of 206,800. Reportedly, about 90 percent of the seed planted is of Russian varieties, which have an oil content of about 40-42 percent. This year's increase in production of seed will be reflected in larger oil availabilities next year.

Turkish Edible Oil Production Increases

Turkish production of edible vegetable oils in 1964-65 is unofficially forecast at a record 209,300 metric tons, up by more than one-fourth from the 165,900 ton outturn of 1963-64.

This increase is largely contingent upon gain in olive oil produced from 1964-crop olives. However, 1964 production of cottonseed and sunflowerseed—the third major oilseed crop—also increased markedly. Gains in the latter reflect introduction of higher yielding *Orobanche* resistant varieties which are being planted on much larger acreages.

TURKEY'S EDIBLE VEGETABLE FATS AND OILS

Item	1960-61	1961-62	1962-63	1963-64[1]	1964-65[2]
	1,000 metric tons	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*	*1,000 metric tons*
SUPPLY					
Stocks, November 1	79.9	19.8	43.7	38.2	74.1
Production:					
Cottonseed	38.0	46.5	54.0	57.0	63.0
Peanut[3]	---	8.5	11.5	10.8	11.7
Soybean[3]	---	.7	1.0	.4	.7
Sunflower	19.7	15.6	10.8	16.8	30.0
Sesame	7.3	6.7	8.0	7.9	7.9
Olive	45.2	90.0	50.0	65.0	90.0
Others[3]	6.6	7.0	8.0	8.0	6.0
Total	116.8	175.0	143.3	165.9	209.3
Imports:					
Cottonseed	---	15.0	18.0	22.9	50.0
Soybean	---	35.0	39.5	57.5	50.0
Total	---	50.0	57.5	80.4	50.0
Total supply	196.7	244.8	244.5	284.5	333.4
DISTRIBUTION					
Human consumption:					
Cottonseed	55.0	57.0	60.0	62.0	210.0
Peanut	---	7.4	10.3	10.0	
Soybean	19.4	16.9	35.0	40.0	
Sunflower	17.6	14.0	9.8	15.0	
Sesame	5.2	6.0	7.0	7.0	
Olive	39.0	45.0	35.0	42.0	
Others	3.5	4.6	4.5	4.0	
Total	139.7	150.9	161.6	180.0	210.0
Exports:					
Peanut[3]	.1	1.1	.8	.5	.4
Olive	.2	21.3	19.5	1.3	20.0
Others[3]	2.7	1.9	.9	1.1	1.0
Total	3.0	24.3	21.2	2.9	21.4
Industrial uses	34.2	25.9	23.5	27.5	27.0
Stocks, October 31	19.8	43.7	38.2	74.1	75.0
Total distribution	196.7	244.8	244.5	284.5	333.4

[1] Preliminary. [2] Unofficial forecast. [3] Includes oil equivalent of oilseeds.

Compiled from official and other sources. Data for marketing year beginning November 1.

Supplies of vegetable oils in 1964-65 are expected to exceed the 1963-64 record, despite an anticipated sharp drop in imports, largely soybean oil. This prospective gain in supplies, reflecting the high carryin stocks of November 1, 1964, will permit further expansion of domestic consumption, largely of olive and sunflowerseed oils, as well as increased exports, chiefly edible olive oil.

Turkish oilseed production, excluding olives, in 1964-65 is estimated at 754,200 tons compared with 648,780 in 1963-64. Of the 1964-65 total, cottonseed and sunflowerseed account for 495,000 and 150,000 tons, respectively, against 450,000 and 82,000 in 1963-64. The bulk of this production is crushed for domestic edible use.

Olives are the most important oil-bearing crop in Turkey, but production is cyclical, varying widely from year to year even under normal growing conditions. The 1964-65 olive crop is expected to be up two-fifths from a year ago, chiefly reflecting favorable growing conditions.

Olive oil exports in 1964-65 are expected to approximate the sizable tonnages exported in 1961-62 and 1962-63, as world olive oil prices seem likely to increase, reflecting the small overall outturn in the Mediterranean Basin. Olive oil has been an excellent earner of foreign exchange for Turkey during years of abundant production. However, in 1963-64 depressed world prices caused exporters to build stocks.

According to Decree No. 6/3679, published in the Turkish Official Gazette on October 7, 1964, tax rebates to olive oil exporters have been revised from the temporary 10 percent for all types to the following definite rates:

	In drums	In cans
	Percent	*Percent*
Natural	2.7	6.4
Natural and refined (mixed)	4.3	7.6
Refined	5.1	8.3

The announcement of the new tax rebates has not affected the market because olive oil exporters were aware of the fact that the percentage would be less than the temporary 10 percent.

Jordan's Olive Oil Production To Rise Sharply

Official sources forecast that Jordan's olive oil production in 1965, from 1964 crop olives, will approximate 20,000 metric tons, compared with 7,464 in 1964 and a record 21,786 in 1962. The marked rise reflects an increase in the number of productive trees, as well as favorable growing conditions.

Because of prospects for a "bumper" olive crop, the Ministry of Agriculture has recommended that the existing Defense Order prohibiting exports of olives and olive by-products be canceled. Domestic olive oil consumption for both edible and industrial use is estimated at about 7,000 tons annually.

The Government of Jordan has for several years encouraged the expanded planting of olive trees through making loans available to farmers. Many of the newly planted trees will begin producing in the 1964-1970 period. It is indicated that an additional 250,000 dunums (62,500 acres) will be planted to olive trees as part of Jordan's 7-year plan, which begins in 1964.

Total area under olive production is expected to rise from an estimated 570,000 dunums (142,500 acres) in 1964 to 720,000 dunums (180,000 acres) in 1970—an increase of more than one-fourth. The plantings to be added under the 7-year plan will probably not be producing until sometime after 1970.

Olive seedings are being grafted and sold by private nurseries as well as by the nurseries of the Horticulture Section of the Ministry of Agriculture. About 2.5 million seedlings—nearly 360,000 per year—will be needed during the 7-year period. The total number of bearing trees in 1963 was estimated at 5.6 million compared with 5.4 million in 1962.

Transshipments of Mexican Cotton Lower in 1963-64

Transshipments of Mexican cotton through U.S. ports amounted to 331,000 bales (480 lb. net) during the 1963-64 season (August-July). This was a decrease of 40 percent from the 556,000 bales transshipped in the 1962-63 season.

Transshipments for foreign destinations are expected to continue at a greatly decreased volume, as a result of the July 10 increase—from US$8.04 to US$18.62—in Mexico's export tax on uncompressed cotton (*Foreign Agriculture*, Nov. 9, 1964). Transshipments in July totaled 14,000 bales, compared with 9,000 in the previous month and 11,000 in July 1963.

Principal destinations of the 1963-64 transshipments, with comparable 1962-63 figures in parentheses and in 1,000 pounds, were Italy 71 (115); France 49 (100); West Germany 33 (79); Czechoslovakia 28 (14); Chile 23 (6); Australia 19 (27); the United Kingdom 18 (38); Switzerland 15 (41); Israel 13 (4); Japan 12 (2); Yugoslavia 10 (0); Belgium 7 (16); the Republic of South Africa 8 (16).

U.S. ports through which most Mexican transshipments moved during 1963-64 were Brownsville 305,000 bales, Houston 12,000, Los Angeles 6,000, Corpus Christi 4,000, and San Diego 2,000.

Argentina's Tea Exports Up

Exports of tea from Argentina during January-August 1964 totaled 15.8 million pounds, up nearly 6 percent from the similar 1963 period. Exports during 1963 amounted to a record 17.5 million pounds and were mostly consumed by the Netherlands and the United Kingdom. U.S. imports of Argentine tea are currently rather small, amounting to only 583,000 pounds last year.

Argentina's tea production has been rapidly expanding. However, the industry, which relies greatly on hand labor, is being endangered by the new minimum wage law which nearly doubles workers' wages.

Although Argentina grows only about 1 percent of the world's tea crop, it is by far the largest producer in the Western Hemisphere.

Mexico Expands Sugar Milling

A contract was signed on October 30 by the Secretary of Agriculture of Mexico and representatives of French firms and banks, (who will provide the equipment and financing) for the construction of a new sugar mill. The mill is to be in the Apatzingan District of the State of Michoacán and will have a grinding capacity of 1,500 metric tons of sugarcane per day. Operation is expected to begin during the 1966-67 season.

An estimated area of 12,000 hectares (29,652 acres), will supply the new mill with cane. Nearly 20 percent of this area is already planted to sugarcane which is being used to produce piloncillo, or noncentrifugal sugar. About 3,500 farmers are expected to benefit from the expanded acreage.

The loan will amount to about 90 percent of the cost of the mill and is part of a line of credit for $150 million granted by the French Government, jointly with private French banking and industrial interest in June of 1963. Of this amount, $40 million were to be used for expansion of the Mexican sugar industry. Mexico produced slightly more than 2 million short tons of centrifugal sugar (raw value) during the 1963-64 season, and plans to expand production to 3.3 million tons by 1970.

Malawi's Tea Production Up

Tea production in Malawi (Nyasaland)—Africa's second largest tea producer—totaled 23.5 million pounds during January-September 1964, compared with 21.7 million in the similar 1963 period. Exports of tea during the first 7 months of 1964 amounted to 22.2 million pounds, up 2.3 million over the January-July 1963 period. The United Kingdom alone bought 15.5 million pounds, or nearly 70 percent of the total.

Belgium Imports More Tobacco

Belgian imports of unmanufactured tobacco totaled 32.4 million pounds during the first half of 1964, compared with 31.3 million in the same period of 1963.

The United States, which supplied 8.1 million, was the largest source of imports this year. Imports from the Rhodesias-Nyasaland were a little below the 3.2 million of the first half of 1963. Other major suppliers included the Netherlands (re-exports), Brazil, India, the Dominican Republic, Paraguay, and Greece.

BELGIUM'S IMPORTS OF UNMANUFACTURED TOBACCO

Origin	January-June	
	1963	1964
	1,000 pounds	*1,000 pounds*
United States	7,760	8,089
Netherlands [1]	2,211	3,186
Rhodesias-Nyasaland	3,164	2,837
Brazil	2,238	2,224
India	2,028	2,077
Dominican Republic	1,792	2,024
Paraguay	1,477	1,684
Greece	1,473	1,671
Indonesia	1,228	1,294
Turkey	1,548	1,246
Others	6,417	6,095
Total	31,336	32,427

[1] Re-exports.

Greek Tobacco Exports Rise

Greek exports of unmanufactured tobacco in the year ended June 30, 1964, totaled 136.3 million pounds, at an average price equivalent to 83.4 U.S. cents per pound. Exports in fiscal 1963 totaled 116.2 million pounds, with an average export price of 83.5 cents. The increase in fiscal 1964 reflects larger export availabilities from the 1962 crop.

The United States was the leading purchaser of Greek tobacco in fiscal 1964, taking 39.4 million pounds. West Germany, with 39.1 million, ranked second. Other major foreign markets included Poland 6.3 million pounds; Italy 5.9 million; the Soviet Union 5.2 million; and Belgium 4.4 million.

U.S. DEPARTMENT OF AGRICULTURE
WASHINGTON, D. C. 20250

OFFICIAL BUSINESS

POSTAGE AND FEES PAID
U.S. DEPARTMENT OF AGRICULTURE

To change your address or stop mailing, tear off this sheet and send to Foreign Agricultural Service, U.S. Dept. of Agriculture, Rm. 5918, Washington, D.C. 20250.

GREEK EXPORTS OF TOBACCO
(Year ending June 30)

Destination	1963		1964	
	Quantity	Avg. export price	Quantity	Avg. export price
	1,000 pounds	*U.S. cents per pound*	*1,000 pounds*	*U.S. cents per pound*
United States	29,597	103.0	39,372	95.7
Germany, West	27,972	75.2	39,079	75.3
Poland	2,780	88.9	6,296	87.1
Italy	10,183	70.8	5,939	75.3
Soviet Union	9,262	90.7	5,236	87.1
Belgium	1,929	55.8	4,407	73.0
Switzerland	2,835	97.5	4,120	93.4
France	8,241	59.9	3,728	80.3
Egypt	2,910	63.5	3,355	68.0
Hungary	1,338	82.6	2,780	86.6
Czechoslovakia	3,142	117.9	2,619	102.5
Finland	1,435	69.4	2,509	71.2
Austria	3,503	60.8	1,600	71.2
Others	11,097	---	15,233	---
Total	116,224	83.5	136,273	83.4

Brazil Increases Cigarette Prices

A new retail price schedule for tobacco products in Brazil was announced on October 1. Prices of cigarettes were raised 20 to 50 percent, depending on the brand, from those previously in effect. The increases were made to cover raises in workers' salaries and higher prices for raw materials, including leaf tobacco.

Dutch Exports of Condensed Milk Increase

Dutch exports of condensed milk in the first 7 months of 1964, at 444 million pounds, were up 2 percent from the comparable 1963 period, despite reduced shipments to Thailand, the principal market, and to several other important outlets.

Heavier sales to the Philippine Republic, at 49 million pounds, accounted for much of the gain over last year's 30 million. Other countries making larger purchases (in million pounds and with 1963 figures in parentheses) included Cuba 19 (4), Burma 27 (20), Greece 26 (22), and Nigeria 18 (14).

Sales to Malaysia declined 13 percent to 39 million pounds. Shipments to Hong Kong, Ceylon, Cambodia, Malta, Ghana, and Morocco were somewhat less than those of a year ago.

WORLD CROPS AND MARKETS INDEX

Cotton

15 Transshipments of Mexican Cotton Lower in 1963-64

Dairy and Poultry Products

16 Dutch Exports of Condensed Milk Increase

Fats, Oilseeds, and Oils

13 South African Peanut, Sunflowerseed Production
13 Philippine Copra and Coconut Oil Exports
13 Yugoslav Olive Oil Outturn Down; Sunflowerseed Up
14 Turkish Edible Oil Production Increases
14 Jordan's Olive Oil Production To Rise Sharply

Fruits, Vegetables, and Nuts

12 Lower Prune Prices in London
12 Mozambique To Establish New Cashew Shelling Plant
13 Canned Fruit and Juice Prices in Netherlands

Grains, Feeds, Pulses, and Seeds

11 U.S. Exports More Feed Grains
11 U.S. Wheat and Flour Exports Still Rising
11 West Germany's Rice Imports Lower
11 Belgium-Luxembourg's Rice Imports Increase
12 Australia's Wheat and Flour Exports Set New Records
12 Switzerland's Rice Imports Down
12 Australian Exports of Barley and Oats Increase

Sugar, Fibers, and Tropical Products

15 Argentina's Tea Exports Up
15 Mexico Expands Sugar Milling
15 Malawi's Tea Production Up

Tobacco

15 Belgium Imports More Tobacco
15 Greek Tobacco Exports Rise
16 Brazil Increases Cigarette Prices